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N° 119 – November 2009

GENERAL INTEREST

Michelle Armesto

How Would Modern Macroeconomic Schools of Thought Respond to a Recession?

FRB Saint Louis – Liber8 - November 2009 – 3 pages

What would some of the most famous economists, such as John Maynard Keynes, Milton Friedman, and Adam Smith, and their followers say about the current financial and economic crisis? The newsletter essay outlines their probable responses.

Niall Ferguson

The End of Chimerica

Harvard Business School - November 2009 – 31 pages

<http://www.hbs.edu/research/pdf/10-037.pdf>

For the better part of the past decade, the world economy has been dominated by a world economic order that combined Chinese export-led development with U.S. over-consumption. The financial crisis of 2007-2009 likely marks the beginning of the end of the Chimerican relationship. The paper looks at this era as economic historians, trying to set events in a longer-term perspective.

C. Fred Bergsten

A Blueprint for Global Leadership in the 21st Century

Peterson Institute – Speech – November 4, 2009

<http://www.piie.com/publications/papers/paper.cfm?ResearchID=1323>

The current international economic system was created at the end of World War II with the intention of avoiding a repetition of the Great Depression of the 1930s. Though the system has evolved markedly during recent decades, its basic structure is the same as it was 60 years ago. The systemic shortcomings we have experienced in the recent global economic crisis can be traced to a common cause: the erosion of the political legitimacy of a regime that was created long ago on the basis of a vastly different distribution of economic weight among nations... The most urgent requirement for this blueprint is to strengthen financial regulation on a national level.”

Renewing the American Dream: A Road Map to Enhancing Economic Mobility in America

Economic Mobility Project, Pew Charitable Trusts - November 6, 2009 – 28 pages

http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic_Mobility/EMP_Road_Map.pdf

The report, based on three years of research from Pew's Economic Mobility Project, lays out a road map of more than 25 policy ideas and practical recommendations aimed at enhancing economic mobility in America.

ECONOMIC OUTLOOK

Josh Bivens

How We Know the Recovery Package Is Helping

Economic Policy Institute - October 29, 2009 – 5 pages

http://epi.3cdn.net/bb4f1bd7339f12b9a3_4im6bxb5c.pdf

According to the author, a multitude of evidence makes clear that most of GDP's third quarter growth can be traced to the Recovery Act, and that the long-term health of the economy is going to depend on pushing forward, not pulling back, with even more stimulus measures.

Karen E. Dynan

The Outlook for Consumer Spending and the Broader Economic Recovery

Brookings Institution - October 29, 2009 – 7 pages

http://www.brookings.edu/~media/Files/rc/testimonies/2009/1029_recovery_dynan/1029_recovery_dynan.pdf

How long will the economic recovery take? Karen Dynan testified before the Joint Economic Committee that there is a great deal of uncertainty about the strength and speed of the nation's recovery, with gradual expansion being the most likely economic scenario. She says that consumer spending is likely to grow modestly over the next few years because of weak income growth, higher saving and lower borrowing. Policymakers have options to bolster the recovery but they should be mindful of the long-run costs, particularly in terms of the budget deficit, she says.

Beige Book - Current Economic Conditions by Federal Reserve District

<http://www.federalreserve.gov/FOMC/Beigebook/2009/20091202/fullreport20091202.pdf>

"Reports from the twelve Federal Reserve Districts indicate that economic conditions have generally improved modestly since the last report. Eight Districts indicated some pickup in activity or improvement in conditions, while the remaining four—Philadelphia, Cleveland, Richmond, and Atlanta—reported that conditions were little changed and/or mixed. Consumer spending was reported to have picked up moderately since the last report, for both general merchandise and vehicles."

Daniel Cooper

Impending U.S. Spending Bust? The Role of Housing Wealth as Borrowing Collateral

Boston Fed – Paper – November 2009 – 61 pages

<http://www.bos.frb.org/economic/ppdp/2009/ppdp0909.pdf>

"Using data from the Panel Study of Income Dynamics, this paper considers the mechanism by which changing house values impact U.S. household spending. The results suggest that house values affect consumption by serving as collateral for households to borrow against to smooth their spending. The results show that the consumption of households who need to borrow against their home equity increases by roughly 11 cents per \$1.00 increase in their housing wealth. Changing house values, however, have little effect on the expenditures of households who do not need to borrow to finance their consumption. Based on these results, the paper further finds that declining housing wealth has a relatively small implied negative impact on aggregate consumption expenditures."

Mark Muro, Christopher W. Hoene

Fiscal Challenges Facing Cities: Implications for Recovery

The Brookings Institution – Report – November 2009 – 16 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/1118_cities_fiscal_challenges_muro_hoene/1118_cities_fiscal_challenges_paper.pdf

“This report surveys the current state of U.S. cities’ finances, reviews city leaders’ responses to those conditions, and places these developments in the context of efforts aimed at securing the nation’s recovery from the current severe slump.”

FISCAL AND TAX POLICIES

Michael Linden

Breaking Down the Deficit

Center for American Progress – Memo - November 17, 2009 – 3 pages

<http://www.americanprogress.org/issues/2009/11/pdf/breakingdowndeficit.pdf>

“The fiscal year ended on October 1, and we can say with certainty that 2009’s budget deficit was the largest since World War II, approaching one-tenth the size of the entire U.S. economy. Since we have now the benefit of specific data from the full fiscal year, we can also get a better sense of what actually produced that record high deficit. The main culprits might not be who you expected. For instance, the vast majority of new spending in fiscal year 2009 was actually committed before President Obama even took office. Taking a closer look at both sides of the 2009 balance sheet reveals some important lessons as we face our fiscal future.”

William A. Galston

Should Increasing the Progressivity of Entitlement Benefits be Part of a 21st Century American Social Contract?

The Brookings Institution – Issue in Brief - November 2009 – 15 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/1123_entitlement_benefits_galston/1123_entitlement_benefits_galston.pdf

“Even as the current federal budget deficit soars toward a peacetime record, budget experts are focusing on the long-term fiscal outlook, in which the gap between projected revenues and expenditures rises to unsustainable levels over the next two decades. Unless we change course, we will be faced with three unpleasant options: record-high levels of taxation; abrupt and steep reductions in public programs; or printing money and borrowing massively from overseas. This bleak outlook presents a challenge that is moral and political as well as economic and fiscal.”

Richard Auxier

Are Americans Ready to Trim Their Government Waistline?

Pew Research Center - November 12, 2009

<http://pewresearch.org/pubs/1408/americans-want-more-spending-lower-taxes-balanced-budgets>

“Americans are famous both for being weight conscious, and at the same time unable to come to terms successfully with their bloated waistlines. The same paradox has long applied to the way in which the public views federal budget deficits.”

Douglas W. Elmendorf

Aging and Health: The Challenges of Entitlement

Congressional Budget Office - November 6, 2009 – 16 pages

http://www.cbo.gov/ftpdocs/107xx/doc10707/11-06-09-CBO_Presentation-AgingAndHealth-TheChallengesOfEntitlementGrowth.pdf

Entitlement spending is often viewed as a long-term budget challenge, but in fact such spending contributes significantly to the budget challenge facing the country during the next 10 years as well as the more distant future. Congressional Budget Office estimates that, if current laws remained in place, the federal deficit would shrink sharply during the next few years but would remain a little more than 3 percent of gross domestic product (GDP) between 2013 and 2019.

An Overview of Federal Support for Housing

CBO - Economic and Budget Issue Brief – November 3, 2009 - 8 pages

<http://www.cbo.gov/doc.cfm?index=10525>

“The federal government commits substantial resources to support housing and mortgage markets through a combination of spending programs and tax expenditures (that is, subsidies conveyed through reductions in taxes). During the crisis of the past two years, the budgetary commitment expanded—to about \$300 billion in fiscal year 2009—from the placement into conservatorship in September 2008 of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) and the creation of new housing programs. This Congressional Budget Office (CBO) brief describes, in broad terms, the array of federal activities that support housing and the recent expansion of particular programs.”

Carl Davis et al

Who Pays? A Distributional Analysis of the Tax Systems in all 50 States

Institute on Taxation & Economic Policy - November 18, 2009 – 126 pages

<http://www.itepnet.org/whopays3.pdf>

The study is a comprehensive analysis of state and local tax systems in all fifty states. It shows that on average, state and local tax systems require the poorest taxpayers to pay the highest effective tax rates.

Stephen D. Holt and Elaine Maag

Considerations in Efforts to Restructure Refundable Work-Based Credits

Urban Institute - November 9, 2009 – 34 pages

http://www.urban.org/UploadedPDF/1001347_refundable_work.pdf

The Internal Revenue Code has replaced traditional means-tested programs as the principal means for transferring income to low earners. The largest vehicle is the Earned Income Tax Credit (EITC), now supplemented by both the Child Tax Credit (CTC) and the Making Work Pay tax credit (MWP). The paper looks at the system's evolution, the important role played by the tax system in assisting low earners, and the complexities presented by the current approach.

MONETARY POLICY

Janet L. Yellen

Linkages between Monetary and Regulatory Policy: Lessons from the Crisis

FRB San Francisco – Economic Letter - November 23, 2009 – 5 pages

<http://www.frbsf.org/publications/economics/letter/2009/el2009-36.html>

“The crisis of the past two years has underscored the connections between monetary policy, which seeks to foster maximum employment and price stability, and regulatory policy, which works to protect the financial system. The two domains can't be regarded as separate. Researchers are currently examining ways in which

monetary policy may play a role in managing systemic risk and regulatory policy may serve to promote macroeconomic goals.”

J.D. Foster

Transparency and Accountability at the Federal Reserve

The Heritage Foundation – Backgrounder – November 20, 2009 – 7 pages

<http://www.heritage.org/Research/Economy/bg2342.cfm>

“Increasing transparency at the Federal Reserve is critical given the breadth of the Fed's recent activities, but many of these activities involve private parties. Congress should consider that private firms will be disinclined to deal with the Fed if they lack adequate assurances that confidential information will remain confidential. Tasking the GAO to perform a comprehensive audit of the Fed would create new dangers, as the GAO, being a creature of Congress, could not provide the necessary assurances. It could also ultimately diminish the independence of the Fed and therefore degrade the Fed's ability to fight inflation. A better approach is to rely on the Fed's Office of Inspector General to carry out the audit and to create a new entity in Congress to receive any confidential information associated with the audit.”

The Changing Retail Payments Landscape: What Role for Central Banks?

Federal Reserve Bank of Kansas City – Conference – November 2009

<http://www.kansascityfed.org/Econres/PSR/PSRconferences/2009/09prg.htm?ealert=PSR1117>

An international payments policy conference hosted by the Federal Reserve Bank of Kansas City Nov. 9-10, 2009, explored the changing retail payments landscape and assessed the role of central bank policies in this quickly evolving area. Participants included industry representatives, policymakers, academics and other payments system stakeholders.

FINANCIAL CRISIS

The Economy: Crisis & Response

Federal Reserve Bank of San Francisco – November 2009

<http://www.frbsf.org/econanswers/>

“The Federal Reserve is committed to communicating with the public during these difficult economic times. We'd like to share a new online resource -- The Economy: Crisis & Response -- which has answers to some questions you might be asking: What caused the financial crisis? What has the Fed done in response? What does the road ahead look like?”

Douglas J. Elliott, Martin Neil Baily

Telling the Narrative of the Financial Crisis: Not Just a Housing Bubble

The Brookings Institution – Paper - November 23, 2009 – 21 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/1123_narrative_elliott_baily/1123_narrative_elliott_baily.pdf

Major crises, such as the recent financial crisis, usually end up being understood by the public in terms of some simple narrative, which then heavily influences the choices politicians make. We believe there are three major story lines still vying for acceptance by the public and that whichever one comes to dominate could strongly affect public policy.

Edwin Truman

Lessons from the Global Economic and Financial Crisis

The Peterson Institute – Remarks – November 11, 2009 – 10 pages
<http://www.piie.com/publications/papers/truman0911.pdf>

“The global community currently faces two major issues in financial regulatory reform, according to Truman. The first is construction of a robust framework of macroprudential policies, which should include equal parts of: (1) improved macroeconomic policies of supervision and regulation that impact macroeconomic performance; and (2) improved macroeconomic policies that impact the financial system. The second is that there is not a "silver bullet" solution to the too-big-to-fail problem; a combination of approaches is needed that should include some downsizing, regulatory and supervisory limits on certain activities, and an effective resolution mechanism for systemically important financial institutions, which cannot be eliminated. “

David C. John

Using Bankruptcy and Capital Standards to Address Financial Institutions That Are "Too Big to Fail"

The Heritage Foundation - Backgrounder - 24 November 2009 – 11 pages
<http://www.heritage.org/Research/Regulation/bg2343.cfm>

The next financial crisis could cause the entire global financial system to collapse. However, the Obama Administration's proposal is unrealistic and would give government regulators almost unlimited powers to take over or micromanage financial institutions. The better choice would be to amend U.S. bankruptcy law to create an open, expedited bankruptcy process in which an impartial court would oversee the restructuring or closure of large and complex financial firms. In addition, increasing financial institutions' capital requirements would reduce risk to the system and limit losses if a financial crisis occurs.

Richard G. Anderson and Charles S. Gascon

The Commercial Paper Market, the Fed, and the 2007-2009 Financial Crisis

FRB Saint Louis – Economic Review - November/December 2009 – 24 pages
<http://research.stlouisfed.org/publications/review/09/11/Anderson.pdf>

“Since its inception in the early nineteenth century, the U.S. commercial paper market has grown to become a key source of short-term funding for major businesses, with issuance averaging over \$100 billion per day. In the fall of 2008, the commercial paper market achieved national prominence when increasing market stress caused some to fear that, given its size and importance, the market's failure would sharply worsen the recession. The Department of the Treasury and Federal Reserve enacted programs targeted at providing credit and liquidity to restore investor confidence. The authors review the history of the commercial paper market, describe its structure and key relationships to money market mutual funds, and present a detailed discussion of the crisis in the market, including the resulting Federal Reserve programs.”

Domenico Lombardi

The Global Economic Agenda: Issues Paper for the Washington Roundtable

The Brookings Institution – October 2009 – 18 pages
http://www.brookings.edu/~media/Files/rc/papers/2009/10_global_economy_lombardi/10_global_economy_lombardi.pdf

“The scale and severity of the current crisis have highlighted the role that the leaders of the Group of Twenty (G-20) have played in mitigating its impact and putting the world economy on the path to recovery... Despite the novelty of the current G-20 process, it therefore does have some elements in common with the international community's traditional approach to the episodes of instability that have affected the world's monetary and financial system since the 1980s.”

Ross A. Hammond

Systemic Risk in the Financial System: Insights from Network Science

Pew Financial Reform Project – Briefing paper – November 2009 – 6 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/1023_network_system_hammond/1023_resolution_hammond.pdf

“The recent financial crisis was characterized by a rapid widespread destabilization of the financial system, with little apparent warning. The crisis has led to fresh attempts to understand the structure of the financial system and what made it vulnerable to instability. One important characteristic of the system is the set of links between actors that form networks of connectivity. The structure of these networks may have enabled disruptions initially affecting only a few financial actors to rapidly spill over into a system-wide crisis.”

Financial Regulatory Reform: Protecting Taxpayers and the Economy

Joint Economic Committee – Hearing - November 19, 2009

http://jec.senate.gov/index.cfm?FuseAction=Hearings.HearingsCalendar&ContentRecord_id=e97e1ef2-5056-8059-7633-5179e8a1a277

Treasury Secretary Timothy Geithner testified to the role lax regulation or regulatory loopholes played in the financial crisis, and will address proposed regulatory changes that will promote job growth and economic stability.

Eric S. Rosengren

Can We Ensure that Global Banks Do Not Create Global Problems?

Federal Reserve Bank of Boston – Remarks – November 10, 2009 – 16 pages

<http://www.bos.frb.org/news/speeches/rosengren/2009/111009.pdf>

“My remarks today center on a particular irony that I would like to discuss – that, despite the widespread acknowledgement of the “too big to fail” problem, many of our largest global banks have actually expanded during the crisis. Indeed, in many cases the sizes of the largest banks have become quite large relative to the sizes of both their home and host countries. As a result, the ability – more specifically, the economic capacity – of many countries to resolve troubled global banks is, in some instances, in question. Also, the potential cost to taxpayers has made providing emergency government support to global banks deeply unpopular – a situation that in some cases significantly complicates the available resolution options.”

Improving Responsible Lending to Small Businesses

Committee on Financial Services – Hearing - November 30, 2009

http://www.house.gov/apps/list/hearing/financialsvcs_dem/hr_112309.shtml

Just last week we learned from the F.D.I.C. that lending by U.S. banks plunged by 3 percent in the third quarter, the largest drop since at least 1984 when this kind of information was first collected.... This represents the fifth consecutive quarter in which banks have reduced lending... Economists say small businesses account for up to 60% of new jobs. It's time to put people back to work and invest in the small businesses that can be an engine of economic growth... I look forward to hearing from the business community here in Michigan so we can have a better understanding of the obstacles small and mid-sized firms continue to face in finding credit. We will also hear testimony from banks and credit unions and the challenges they face in increasing prudent lending while remaining safe and sound. Finally, we will hear from regulators responsible for supervising these firms as they work hard to curb the rise in bank failures.

BUSINESS

Vivek Wadhwa

Foreign-Born Entrepreneurs: An Underestimated American Resource

Kaufmann Foundation – Book excerpts – 2009 - 6 pages

<http://www.kauffman.org/uploadedFiles/WadhwaTBook09.pdf>

“Although immigration in the United States has been the subject of hot policy debates in recent years, one group of immigrants has been virtually absent from those discussions—skilled immigrants who become entrepreneurs. I have led a series of research studies that show that this group has brought enormous economic benefits and innovations to the United States—further reinforcing the fact that the United States provides a fertile environment for spawning entrepreneurship.”

Aggressive Sales Tactics on the Internet and Their Impact on American Consumers

Senate Committee on Commerce – Hearing - November 17, 2009

http://commerce.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=9a2c59fa-9ba0-4f0e-a0f1-c1b015c1304f

“Today’s hearing examines an online business practice known as “post-transaction marketing” in which third-party companies offer discount subscription services for a fee while consumers complete the check-out process from selected vendors. Consumers are generally invited to accept these offers by entering their email address. Consumers’ payment information is then automatically transferred to the third-party marketers from the known vendors. This practice has been the subject of numerous buyer complaints, critiques by consumer advocates, and class action litigation.”

RESEARCH - INNOVATION

Marc Goulden, Karie Frasch, Mary Ann Mason /

Patching America's Leaky Pipeline in the Sciences

Center for American Progress – Report - November 10, 2009 – 52 pages

http://www.americanprogress.org/issues/2009/11/pdf/women_and_sciences.pdf

“Women represent a large part of the talent pool for research science, but many data sources indicate that they are more likely than men to “leak” out of the pipeline in the sciences before obtaining a tenured position at a college or university. This report, based on extensive original research, addresses how family affects women’s ability to make it to the top of the scientific community and identifies both when and why women and men with care giving plans or responsibilities drop or opt out of the academic science career path.”

Roots of Innovation

Department of State - eJournal – November 2009 – 40 pages

<http://www.america.gov/media/pdf/ejs/1109.pdf#popup>

Economic expansion depends more and more on innovation — not simply producing more goods and services, but producing ever newer goods and services. This issue of eJournal USA seeks to show that innovation needs the right conditions to emerge.

Spinoff: Innovative Partnerships Program 2009

National Aeronautics and Space Administration - November 2009 – 212 pages

<http://www.sti.nasa.gov/tto/Spinoff2009/pdf/spinoff2009.pdf>

The Spinoff shows how NASA technology is being put to use in everyday life here on Earth. The latest Spinoff highlights 49 significant examples of how NASA innovations have been transferred to the commercial marketplace, resulting in healthcare advances, transportation breakthroughs, public safety initiatives, new consumer goods, environmental protection, computer technology, and industrial productivity. In honor of the 40th anniversary of the Apollo 11 lunar landing, this year’s edition of Spinoff also recaps how Apollo continues to provide tangible benefits to the lives of people in the U.S. and around the world.

Glen Whitman and Raymond Raad

Bending the Productivity Curve: Why America Leads the World in Medical Innovation

Cato Institute – Policy Analysis - November 18, 2009 – 24 pages

<http://www.cato.org/pubs/pas/pa654.pdf>

Policymakers should consider the impact of reform proposals on innovation. For example, proposals that increase spending on diagnostics and therapeutics could encourage such innovation. Expanding price controls, government health care programs, and health insurance regulation, on the other hand, could hinder America's ability to innovate.

TRANSPORTATION

UC Davis: Institute of Transportation Studies

<http://www.its.ucdavis.edu/index.php>

“With over 60 affiliated faculty and researchers and a \$6 million annual budget, the Institute of Transportation Studies (ITS) at UC Davis contributes to “public discourse on key transportation issues.” Transportation scholars and others will find a cornucopia of research reports, conference updates, and news items on the site.”

AGRICULTURE – FOOD PRODUCTS

Prospects for a Rural Recovery

Reserve Bank of Kansas City - The Main Street Economist – November 2009 - 6 pages

http://www.kansascityfed.org/RegionalAffairs/MainStreet/MSE_0509.pdf

Over the course of the recent recession, rural economies have held up better than their metro peers, thanks to strong rural economic gains early in the downturn. But author Jason Henderson finds that the long-term health of rural American in the twenty-first century will rest on developing policies that focus on amenity-based development, entrepreneurship, and innovation.

J. Michael Harris et al

The Debt Finance Landscapes for U.S. Farming and Farm Businesses

U.S. Department of Agriculture - November 16, 2009 – 64 pages

<http://www.ers.usda.gov/Publications/AIS87/AIS87.pdf>

Income and wealth for farm businesses have changed noticeably this decade. Debt levels have been rising, asset levels have outpaced debt despite a recent fall in land prices, and equity has more than doubled for farm businesses. However, recent declines in farm income and falling land prices have raised concerns about the financial position of U.S. farms.

William D. McBride and Catherine Greene

Characteristics, Costs, and Issues for Organic Dairy Farming

U.S. Department of Agriculture - November 2, 2009 – 50 pages

<http://www.ers.usda.gov/Publications/ERR82/ERR82.pdf>

Organic milk production has been one of the fastest growing segments of organic agriculture in the U.S. in recent years. Despite the growing number of organic dairy operations, the characteristics of organic dairy operations and the relative costs of organic and conventional milk production have been difficult to analyze.

The study examines the structure, costs, and challenges of organic milk production. The analysis addresses economies of size, regional differences, and pasture use in organic milk production and compares organic and conventional milk production costs.

Leslie Pray and Ann Yaktine

Nanotechnology in Food Products

Institute of Medicine - October 29, 2009.

http://books.nap.edu/openbook.php?record_id=12633

Nanotechnology, an emerging technology that enables researchers to manipulate matter at the atomic level, is providing scientists with the ability to enhance food safety and make foods more nutritious and satisfying by enhancing their nutrition content and other characteristics. However, researchers still have much to learn about the result of using nanotechnology to create food packaging or to modify a food, including both benefits and unanticipated adverse effects.

Matthew Shearer et al.

The Treatment of Agriculture in Regional Trade Agreements in the Americas

International Food & Agricultural Trade Policy Council - November 2009 – 76 pages

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=2247036>

The countries of Latin America and the Caribbean have formed nearly three dozen regional trade agreements (RTAs) notified to the World Trade Organization, and more continue to be negotiated. The paper provides an overview of how the agricultural sector is treated in RTAs involving Latin American countries, whose exports tend to be more oriented towards agriculture.

EMPLOYMENT

Dane Stangler and Robert E. Litan

Where Will the Jobs Come From?

Ewing Marion Kauffman Foundation - November 2009 – 17 pages

http://www.kauffman.org/uploadedFiles/where_will_the_jobs_come_from.pdf

The report shows that newly created and young companies are the primary drivers of job creation in the United States. Kauffman's analysis of U.S. Census Bureau data showing that companies less than five years old created nearly two-thirds of net new jobs in 2007 could not be timelier.

The distinction of firm age, not necessarily size, as the driver of job creation has many implications, particularly for policymakers who are focusing on small business as the answer to a dire employment situation. The report shows that most net job creation is generated by firms that are one to five years old.

Algernon Austin

Getting Good Jobs to America's People of Color

Economic Policy Institute - November 12, 2009 – 18 pages

http://epi.3cdn.net/ab1272dc3f134dbb29_7pm6bhl8g.pdf

The lack of good jobs that pay decent wages and provide health care and retirement benefits is a serious problem for all Americans and an especially dire problem for America's people of color. This Briefing Paper uses a minimal definition of a "good" job. It defines a good job as one that pays a wage that can support a family and that provides health care and retirement benefits. Using this minimal standard, the paper shows that Hispanics are less than half as likely as whites to have good jobs, and African Americans are about two-thirds as likely.

Melissa Boteach, Joy Moses, Shirley Sagawa

Strategies for Job Creation amid Economic Recovery - National Service and Youth Unemployment

Center for American Progress – Memo – November 17, 2009 – 7 pages

http://www.americanprogress.org/issues/2009/11/pdf/nation_service.pdf

“Federal investments in our national service programs are an important way for Congress and the Obama administration to tackle high unemployment and growing poverty across the nation. Providing short-term employment opportunities for jobless youth and helping to build the capacity of nonprofit organizations to transform participants’ long-term career prospects would strengthen the economy and spur economic demand.”

John Schmitt et al.

Unions and Upward Mobility for Asian Pacific American Workers

Center for Economic and Policy Research - November 2009 – 13 pages

<http://www.cepr.net/documents/publications/unions-apa-2009-11.pdf>

Asian Pacific American (APA) workers are, with Latinos, the fastest growing group in the U.S. workforce and in organized labor. Since the late 1980s, APA workers have seen their representation in the ranks of U.S. unions almost double, from about 2.5 percent of all union workers in 1989 to about 4.6 percent in 2008. The report uses national data from the Current Population Survey (CPS) to show that unionization raises the wages of the typical APA worker by 9 percent compared to their non-union peers.

Julie M. Whittaker and Alison M. Shelton

Temporary Extension of Unemployment Benefits: Emergency Unemployment Compensations (EUC08)

Congressional Research Service, Library of Congress - November 17, 2009 – 13 pages

http://assets.opencrs.com/rpts/RS22915_20091117.pdf

In July 2008, a new temporary unemployment benefit, the Emergency Unemployment Compensation (EUC08) program, began. The EUC08 program was created by P.L. 110-252, and it was amended by P.L. 110-449, P.L. 111-5, and P.L. 111-92. This temporary unemployment insurance program provides up to 20 additional weeks of unemployment benefits to certain workers who have exhausted their rights to regular unemployment compensation (UC) benefits. The EUC08 program expires at the end of December 2009.

PENSIONS

Pensions in Peril: Helping Workers Preserve Retirement Security through a Recession

Senate Committee on Health, Education, Labor, and Pensions - Hearing - October 29, 2009

http://help.senate.gov/Hearings/2009_10_29/2009_10_29.html

“The Committee examines how best to ensure that American workers can preserve their retirement security in harsh economic times. Pension funding is one of the most critical challenges currently facing employers, and the eventual solutions will have a significant impact on the continued prosperity of millions of American workers.”

HEALTH CARE: ECONOMIC ISSUES

The 2009 Health Care Leader Forum—A conference summary

FRB Chicago – Economic Letter - December 2009 – 4 pages

http://www.chicagofed.org/publications/fedletter/cfldecember2009_269.pdf

“On March 30–31, 2009, the Federal Reserve Bank of Chicago and the Detroit Regional Chamber co-sponsored the third annual forum on health care. This year’s program focused on the role of employers in improving the health care system in terms of cost, quality, and accessibility.”

Pharmaceutical R&D and the Evolving Market for Prescription Drugs

Congressional Budget Office - October 26, 2009 – 8 pages

<http://www.cbo.gov/ftpdocs/106xx/doc10681/10-26-DrugR&D.pdf>

Investment in research and development (R&D) over the past several decades has produced a wealth of valuable new drug therapies. Current and future pharmaceutical R&D will determine what drug therapies will become available, and thus will influence future health-care costs. The brief describes the state of investment in drug R&D and the factors that influence it. It also examines how various policy options to control the growth in health care costs or to expand insurance coverage could affect spending on R&D.

Frank Lichtenberg and Gautier Duflos

The Effect of Patent Expiration on U.S. Drug Prices, Marketing, and Utilization by the Public

Manhattan Institute, October 2009

http://www.manhattan-institute.org/html/mpr_11.htm

“This study is based on data on nearly all prescription drugs sold in the United States and examines the impact of the expiration of drug patents on U.S. drug prices, marketing, and the quantity of drugs consumed. After patents expire and generic competition slashes drug prices, the authors find that drug utilization remains essentially unchanged. Prices undoubtedly affect utilization, but companies' marketing efforts on behalf of branded drugs also help ensure widespread utilization. When patents expire, both marketing and prices fall by about 60%, resulting in no net increase in utilization.”

Lower Premiums, Stronger Businesses: How Health Insurance Reform Will Bring Down Costs for Small Businesses

Healthreform.GOV - October 29, 2009 – 7 pages

<http://www.healthreform.gov/reports/smallbusiness2/smallbusiness2.pdf>

The report outlines the many ways health insurance reform will lower health care costs for small businesses. The report notes small businesses, the backbone of job creation in our economy, are disproportionately burdened by the financial strains caused by rising health care costs, among other reasons.

Increasing Health Costs Facing Small Businesses

Senate Committee on Health, Education, Labor, and Pensions – Hearing - November 3, 2009

http://help.senate.gov/Hearings/2009_11_03/2009_11_03.html

“The health reform legislation making its way through both Houses of Congress currently will benefit many different groups in society. One of the major winners from this legislation will be small businesses and their employees. Small businesses suffer in our current insurance system from high and unpredictable insurance prices; premiums can rise rapidly with little notice. The reformed system envisioned by Senate and House legislation would provide a more predictable and less expensive environment in which small businesses could purchase quality health insurance. This will promote small business formation and growth by removing this enormous source of uncertainty.”

Ellen-Marie Whelan

Expanding the Primary Care Workforce

Center for American Progress – Memo - November 2009 – 7 pages

http://www.americanprogress.org/issues/2009/11/pdf/primary_care_memo.pdf

“Congress is in the throes of developing legislation to provide quality affordable health for all Americans. Discussion throughout the debate has questioned whether there are sufficient primary care professionals to provide services for the newly insured individuals, since the nation’s primary care health workforce is already stretched. This is a concern, but targeted policy changes can begin to strengthen and expand this sector, which is the backbone of the health care system.”

ECONOMICS AND ENVIRONMENT

Nicholas Bianco

Stacking Payments for Ecosystem Services

World Resources Institute – Fact Sheet - November 12, 2009 – 4 pages

http://pdf.wri.org/factsheets/factsheet_stacking_payments_for_ecosystem_services.pdf

Payments for ecosystem services are becoming an increasingly important part of the U.S. business and regulatory landscape. As programs that provide payments for ecosystem services grow, policy makers will need to determine how these various payments should interact with each other.

The Costs of Reducing Greenhouse-Gas Emissions

Congressional Budget Office – Economic and Budget Issue Brief – November 2009 – 12 pages

http://www.cbo.gov/ftpdocs/104xx/doc10458/11-23-GHG_Emissions_Brief.pdf

Reducing emissions would impose a burden on the economy because it would require lessening the use of fossil fuels and altering patterns of land use. This issue brief discusses the economic costs of reducing greenhouse-gas emissions in the United States, describing the main determinants of costs, how analysts estimate those costs, and the magnitude of estimated costs. The brief also illustrates the uncertainty surrounding such estimates using studies of a recent legislative proposal, H.R. 2454, the American Clean Energy and Security Act of 2009.

Climate Change Legislation: Considerations for Future Jobs

Senate Committee on Finance – Hearing - November 10, 2009

<http://finance.senate.gov/sitepages/hearing111009.htm>

“Today, we will consider whether climate legislation will create jobs in the energy sector. We’ll examine further this Committee’s role in climate legislation. And we’ll discuss what we can do both to create jobs and to ease the transition to an economy that accounts for the cost of carbon dioxide.”

ECONOMIC RELATIONS WITH ASIA

Marcus Noland

American Economic Relations with Asia

Asian Economic Policy Review - 4th Quarter 2009 – 19 pages

<http://www.piie.com/publications/papers/noland1109.pdf>

“The USA and Asia have an enormous stake in each others’ continuing prosperity. This outcome is linked to the preservation of the open international economic order, which in turn faces challenges at both the interstate diplomatic level and at the domestic political level. The global financial crisis is probably the worst since the Great Depression and the domestic politics makes it increasingly difficult to formulate a constructive trade policy. In the absence of adequate reform at the global level, the alternative could be further fragmentation into competing regional blocs. Asia holds the key, combining both dissatisfaction with existing global

arrangements with the resources to reconstitute, at least at the regional level, an alternative set of institutions and practices. How Asia responds, acting to strengthen reformed global institutions or undermine them in favor of regional alternatives, will partly depend on the policies of the dominant global power, the USA.”

Morris Goldstein and Daniel Xie

The Impact of the Financial Crisis on Emerging Asia

Peterson Institute – Working Paper – October 2009 – 47 pages

<http://www.piiie.com/publications/wp/wp09-11.pdf>

“This paper analyzes how the global financial crisis has impacted emerging Asia and identifies key characteristics that have made these economies more or less vulnerable to a transmission of crises from the advanced economies.”

Roya Wolverson

Confronting the China-U.S. Economic Imbalance

Council on Foreign Relations - November 16, 2009

http://www.cfr.org/publication/20758/confronting_the_chinaus_economic_imbalance.html?breadcrumb=%2Fpublication%2Fby_type%2Fbackgrounder

Sizeable trade and currency imbalances between China and the United States have fueled tensions over China's exchange-rate policies vis-à-vis the dollar and intensified debate over the proposed remedies to the problem, says the author.

Eswar Prasad, Grace Gu

An Awkward Dance: China and the United States

The Brookings Institution – November 11, 2009 – 20 pages

http://www.brookings.edu/~media/Files/rc/articles/2009/1111_us_china_prasad/20091111_us_china_prasad.pdf

This note provides a fuller picture of the tightening embrace between the two countries—in terms of flows of goods and services, financial capital and people—and the implications. The China-U.S. relationship is important not just for the principals but also for the broader world economy as the cooperative or conflicted nature of this relationship will set the tone for progress on a number of multilateral issues, including reform of the international monetary system and tackling climate change.

U.S.-China Joint Commission on Commerce and Trade

Executive Office of the President of the United States – Fact Sheet - October 29, 2009 – 5 pages

http://www.commerce.gov/s/groups/public/@doc/@os/@opa/documents/content/prod01_008570

U.S. Commerce Secretary Gary Locke and U.S. Trade Representative Ron Kirk, together with Chinese Vice Premier Wang Qishan, co-chaired the 20th JCCT in Hangzhou, China, on October 28-29, 2009. The Fact Sheet provides outcomes of the topics discussed.

Laura M. Baughman and Joseph F. Francois

Failure to Implement the U.S.-Korea Free Trade Agreement: The Cost for American Workers and Companies

U.S. Chamber of Commerce - November 6, 2009 – 4 pages

http://www.uschamber.com/NR/rdonlyres/ejyp7lxtnmxyjbsbmymhens5oi35ay2wnr77sevx6tt4q3sfrsk7dijx6excatatit22erv6c6xo63drezuvonjskog/0911_fta_korea.pdf

“Congress and the Administration have yet to consider legislation to implement the U.S.-Korea Free Trade Agreement (FTA)... While more than two years have passed since the agreement was signed, it is unclear when the agreement will be implemented... Failure by the United States to implement its trade agreement with Korea will cost related exports, output and jobs. Specifically, failure to implement the U.S.-Korea FTA while our trading partners go forward with their FTAs with Korea would lead to a decline of \$35.1 billion in U.S. exports of goods and services to the world and U.S. national output failing to grow by \$40.4 billion. We estimate that the total net negative impact on U.S. employment from these trade and output losses would total 345,017 jobs.”

OTHER TRADE ISSUES

Dean Baker

Issues in Trade and Protectionism

Center for Economic and Policy Research - November 2009 – 10 pages

<http://www.cepr.net/documents/publications/trade-and-protectionism-2009-11.pdf>

There is widespread concern that the United States and the rest of the world are descending into a round of protectionism and a trade war reminiscent of what the world experienced in the Great Depression. Such concerns are both overblown and misplaced, according to the report. In the short term, the main concern in the United States and rest of the world should be to promote an increase in demand through whatever means necessary. For the longer term, there has been an excessive fixation on protection for merchandise trade.

International Trade: Options for Congressional Consideration to Improve U.S. Trade Preference Programs

Subcommittee on Trade, House Committee on Ways and Means – Hearing – November 17, 2009

<http://waysandmeans.house.gov/hearings.asp?formmode=detail&hearing=696>

“Preference programs provide unilateral market access to developing countries and are seen as central to U.S. trade and development policy, as well as an important foreign policy tool. Over the years, Congress has maintained active oversight of these programs, repeatedly revising and expanding them to better meet the goal of spurring economic growth and development. With two key preference programs nearing expiration in December, this hearing provides a timely opportunity to continue this critical oversight. Specifically, the hearing will focus on evaluating the operation and impact of the U.S. preference programs to date, to understand the lessons learned from the circumstances where the preference programs have been successful and to identify opportunities for improvement in areas where challenges remain.”

Aaditya Mattoo et al.

Reconciling Climate Change and Trade Policy

Center for Global Development – Working Paper - November 10, 2009 – 45 pages

http://www.cgdev.org/files/1423204_file_Subramanian_Climate_and_Trade_FINAL.pdf

There is growing clamor in industrial countries for additional border taxes on imports from countries with lower carbon prices. A key factor affecting the impact of these taxes is whether they are based on the carbon content of imports or the carbon content in domestic production. The study estimates suggest that the former action when applied to all merchandise imports would address competitiveness and environmental concerns in high income countries but with serious consequences for trading partners.

DEVELOPMENT

Promoting Technology Diffusion to the Developing World: A Blueprint for Advancing, Protecting, and Sharing Innovation

U.S. Chamber of Commerce, Global Intellectual Property Center - White Paper Series - November 2009. 2 pages

<http://ow.ly/Brws>

“The developing world faces many daunting challenges including: rampant disease, lack of clean water, inadequate health care and food shortages. It is imperative that cutting-edge technologies that can aid others and advance development be made available around the world. It is also important that the real barriers to progress are identified and removed, that market-friendly inducements to facilitate technology development and transfer are established, and that the global IP system responsible for spurring innovation is not undermined by the short-sighted political agendas of a few, says the U.S Chamber's Global Intellectual Property Center.”

Millennium Challenge Corporation: MCC Has Addressed a Number of Implementation Challenges, but Needs to Improve Financial Controls and Infrastructure Planning

GAO – Report - November 6, 2009 – 84 pages

<http://www.gao.gov/cgi-bin/getrpt?GAO-10-52>

“Established in January 2004 with a mission to reduce poverty through economic growth, the Millennium Challenge Corporation (MCC) has committed \$6.9 billion for compacts with 19 developing countries. MCC vests compact management with accountable entities in recipient countries, called Millennium Challenge Accounts (MCA). MCAs, with guidance from MCC, allocate resources, oversee and implement a financial plan, approve expenditures and procurements, and implement compact projects. This report, directed by the fiscal year 2008 Consolidated Appropriations Act, assesses MCC and MCA (1) financial controls; (2) procurement practices; and (3) development, implementation, and oversight of contracts and projects.”

Aaditya Mattoo et al.

Can Global De-Carbonization Inhibit Developing Country Industrialization?

Center for Global Development – Working Paper - November 10, 2009 – 38 pages

http://www.cgdev.org/files/1423203_file_Subramanian_De_Carbon_265_.pdf

According to the authors, most economic analyses of climate change have focused on the aggregate impact on countries of mitigation actions. They focus particularly on manufacturing output and exports because of the potential growth consequences. They also decompose the impact of an agreement on emissions reductions into three components: the change in the price of carbon due to each country's emission cuts per se; the further change in this price due to emissions tradability; and the changes due to any international transfers, private and public.

John Briscoe et al.

Water and Agriculture: Implications for Development and Growth

Center for Strategic & International Studies - November 10, 2009 – 117 pages

http://csis.org/files/publication/091104_Peterson_Water&Agri_WEB.pdf

At a time of mounting population pressures, environmental declines, and growing demand for water, the Paul H. Nitze School of Advanced International Studies (SAIS) and the Center for Strategic and International Studies (CSIS) convened international leaders from government, the private sector, nongovernmental organizations, and academia to share their expertise in water, agriculture, and global development. In the realm of technology and innovation, contributing authors point to drip irrigation, drought-resistant plant breeding, wastewater treatment for irrigation reuse, and satellite-based assessments as promising tools to enhance water efficiency and agricultural production.

A Call to Action on Food Security: The Administration's Global Strategy

House Foreign Affairs Committee – Hearing - October 29, 2009
http://foreignaffairs.house.gov/hearing_notice.asp?id=1130

“The U.S. Global Hunger and Food Security Initiative builds upon the commitments made at the July G8 Summit in L’Aquila, Italy where countries agreed to \$20 billion over three years towards the Global Partnership for Agriculture and Food Security... While the U.S. initiative is welcome and encouraged, many of the details are still to be ironed out. Thus, today’s hearing will include an assessment of where the initiative stands as of now, what it seeks to achieve, and what recommendations we might have as it is further developed.”

MISCELLANEOUS

David Card et al

Immigration, Wages, and Compositional Amenities

National Bureau of Economic Research - November 16, 2009 – 58 pages

<http://papers.nber.org/papers/w15521.pdf>

Economists are often puzzled by the stronger public opposition to immigration than trade, since the two policies have similar effects on wages. Unlike trade, however, immigration can alter the composition of the local population, imposing potential externalities on natives. The paper presents a new method for quantifying the relative importance of these amenities in shaping attitudes toward immigration.

Selected Characteristics of Baby Boomers 42 to 60 Years Old in 2006

U.S. Census Bureau - November 2009 – 46 pages

<http://www.census.gov/population/www/socdemo/age/2006%20Baby%20Boomers.pdf>

The Census Bureau provides its first profile of baby boomers in 13 years. The presentation provides a look at a variety of demographic and socioeconomic characteristics of the baby boom generation, such as geographic distribution, marital status, educational attainment and income, and compares them with adults in younger and older age groups. The analysis uses data from a variety of sources, including the 2006 American Community Survey, 2006 population estimates, population projections and Census 2000.

Barry P. Bosworth, Rosanna Smart

The Wealth of Older Americans and the Subprime Debacle

Center for Retirement Research at Boston College – Paper - November 2009 – 37 pages

http://www.brookings.edu/~media/Files/rc/papers/2009/1118_wealth_bosworth/1118_wealth_bosworth.pdf

“This study explores the consequences of the housing price bubble and its collapse for the wealth of older households... The collapse of the housing market triggered a broad decline of asset prices that greatly reduced the wealth of all households. While older households mitigated their real estate and equity losses with relatively stable fixed-value assets and pension programs, no demographic group was left unscathed.”